

Value Index Score – Risk Adjustment Enhancement

The following item was recently identified as an opportunity to improve the accuracy of calculations in processing risk adjustment measures in VIS.

Seven of the 16 measures used in VIS are risk adjusted. VIS creates a set of expected values for each of these 7 measures, which are used to calculate risk-adjusted percent differences. The process uses three years of data to build expected values for members in distinct groupings of line of business, CRG, gender, and age group (we call these groupings “cells” in what follows). The risk adjustment process compares actual values to these expected values for a PCP.

When building these expected values, some specific combinations of LOB, CRG, age group, and gender did not have sufficient membership in the 3 years of data used to generate the expected values, and no expected values were created for these cells. Consequently, when the risk adjustment took place for a subsequent evaluation period, some members assigned to a PCP were classified into one of the LOB/CRG/Age/Gender cells for which we had no expected value.

The opportunity to improve arises within our percent difference from expected calculation. The formula looks at $(\text{Actuals} - \text{Expected}) / \text{Expected}$. In our computations, we have been using actuals for all members, whether or not they had an expected value.

For example, consider the Non-Status Jumper metric. If an individual was a non-jumper but had no expected value (because in the previous 3 years, there no non-jumpers that matched this individual’s specific combination of LOB/CRG/Age/Gender), the PCP would have gotten full credit of “1” for having a non-jumper, but this would not have been offset by an expected value, perhaps of “0.89” or some similar value. The result is that the PCP got more credit than deserved, because comparing the actual number of jumpers in that cell to no expected is the same as assuming an expected of zero. This PCP gained an advantage in scoring, which had a negative impact on other PCPs, because of the z-scoring process.

The Change

The change we are applying in the near-term is to only include a member in a percent-difference-from-expected calculation if that member has a corresponding expected value from the previous three years. That is, the “actual” value in the formula would only reflect members who have an expected value.

In the longer term, we will evaluate methods to deal with null expected values, so that we can include all members in the calculations. We already have similar methods for other processes that we will evaluate for application here.

Impact

Any change in VIS measure scoring is likely to have some effect on the final scoring of all PCPs – whether or not they were immediately affected within one or more of the 7 risk-adjusted measures. This is because measures are scored on a relative basis across the entire network (using z-scores), and measure-level changes for the small subset of PCPs directly affected by these changes will have a

secondary impact on all PCPs. This change will also affect the scores for composites based on these measures—the domains and final VIS.

VIS scores that were highly aggregated were impacted less than more granular results. So, when we looked at impacts on ACO scores, we saw very little change in scores with and without the applied change. However, for individual PCPs, the changes are more apparent. Most physicians moved only three percentage points or less, although there are some exceptions.

An issue specific to IME

The IME data include 3 different Medicaid lines of business. This resulted in the expected rates being “splintered” into groupings by line of business that were relatively sparse and consequently, a relatively large proportion of cells had expected values based upon small sample sizes or did not have expected values. This splintering of expected values by line of business helped us identify the opportunity discussed above. In addition to excluding the line of business pertaining to long-term care, we further recommend that the two remaining lines of business be combined. This will produce expected values based on larger sample sizes, reducing the number of cells with null expected values.